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STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD
United States Fire Insurance Company
The North River Insurance Company

April 18, 2011

Honorable Michael T McRaith
Director of Insurance
Illinois Department of Financial and Professional Regulation
Division of Insurance
320 West Washington Street
Springfield, IL 62767

Attention: Mr. John Gatlin

Re: Medical Malpractice - Physicians & Surgeons Professional Liability
Rate/Rule Filing - new program

UNITED STATES FIRE INSURANCE COMPANY - 0158-21113
Filing ID: USF-PPL-2011R

305 Madison Avenue
P.O. Box 1973
Morristown, NJ 07962-1973
973-490-6600

FILED

JUL 01 2011

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

13-5459190 ✓

Dear Mr. Gatlin,

On behalf of United States Fire Insurance Company (the "Company"), we are submitting this filing to introduce rates and rules for a new Physicians & Surgeons Professional Liability program, on a claims made basis utilizing primarily limits of \$1,000,000/\$3,000,00. All rates and rules were independently developed for use with this program.

The Company respectfully requests that the proposed rates and rules be implemented for all policies effective on and after July 1, 2011

Sincerely,

John V. Carven
State Filings Manager
Phone: (973) 490-6672
Fax: (973) 490-6062
John_Carven@cfins.com

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MEM
RVL
gln
Jeh

ILLINOIS CERTIFICATION FOR MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Matt Kunish, a duly authorized officer of United States Fire Insurance Company, am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

I, Michele Raeihle, a duly authorized actuary of United States Fire Insurance Company am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

M. W. Kunish 9/21/2011
Signature and Title of Authorized Insurance Company Officer Date

Michele Raeihle, FCAS, MAAA 9/21/11
Signature, Title and Designation of Authorized Actuary Date

Insurance Company FEIN 13 - 5459190

Filing Number USF-PPL-2011F

Insurer's Address 305 Madison Avenue

City Morristown State NJ Zip Code 07962

Contact Person's:

-Name and E-mail John Carven, John_Carven@cfins.com

-Direct Telephone and Fax Number Phone: 973-490-6672, Fax: 973-490-6062

ILLINOIS CERTIFICATION FOR MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Matt Kunish, a duly authorized officer of United States Fire Insurance Company, am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

I, Matt Kunish, a duly authorized actuary of United States Fire Insurance Company, am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

M-W. Kunish, SVP & Chief Actuary 9/6/2011
Signature and Title of Authorized Insurance Company Officer Date

M-W. Kunish, SVP & Chief Actuary 9/6/2011
Signature, Title and Designation of Authorized Actuary Date ^{FCAS, MAAA}

Insurance Company FEIN 13 - 5459190

Filing Number USF-PRL-2011F

Insurer's Address 305 Madison Avenue

City Morristown

State NJ

Zip Code 07962

Contact Person's:

-Name and E-mail John Carven, John_Carven@cfins.com

-Direct Telephone and Fax Number Phone: 973-490-6672, Fax: 973-490-6062

Neuman, Gayle

From: Carven, John [John.Carven@cfins.com]
Sent: Tuesday, December 20, 2011 1:53 PM
To: Neuman, Gayle
Cc: Carven, John
Subject: RE: United States Fire Ins Co - filing #USF-PPL-2011R

We would like to keep the 7/1/11 effective date.

John Carven
State Filings Manager
Crum&Forster
305 Madison Avenue
Morristown, NJ 07962-1973
Phone (973) 490-6672

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]
Sent: Tuesday, December 20, 2011 2:39 PM
To: Carven, John
Subject: United States Fire Ins Co - filing #USF-PPL-2011R

Mr. Carven,

The Department of Insurance completed its review of the filing referenced above on December 14, 2011. Originally, United States Fire requested the filing be effective July 1, 2011. Was the filing put in effect on July 1, 2011 or do you wish to have a different effective date?

Your prompt response is appreciated.

Gayle Neuman

Illinois Department of Insurance
Property & Casualty Compliance
(217) 524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Department's website at www.insurance.illinois.gov.

THIS MESSAGE IS INTENDED FOR THE SOLE USE OF THE ADDRESSEE AND MAY BE CONFIDENTIAL, PRIVILEGED AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAWS. IF YOU RECEIVE THIS MESSAGE IN ERROR, PLEASE DESTROY IT AND NOTIFY US BY SENDING AN E-MAIL TO: GAYLE.NEUMAN@ILLINOIS.GOV.

Filing Memorandum – Rates/Rules

With this rate filing, United States Fire Insurance Company (“US Fire”) proposes to introduce a new Physicians & Surgeons Professional Liability insurance product to be written on a claims made basis utilizing primarily limits of \$1,000,000/\$3,000,000. All rates, rules, and forms were independently developed for use with this program. US Fire is requesting an effective date of July 1, 2011

The Medical Professional Liability program consists of only one product segment: claims-made professional liability. Prior acts or retroactive coverage is only available to physicians who have had prior coverage and is subject to evidence of maintenance of prior coverage at limits requested.

The program targets mainly individual physicians and physician group practices. Applicants must be licensed in every state in which they engage in the practice of medicine. Following are underwriting issues that require further review prior to binding and/or may not be eligible for coverage:

1. Elective Cosmetic Procedures are subject to underwriting review.
2. Physicians who have prior claims or know of potential claims are subject to underwriting review.
3. Physicians seeking limits greater than \$1mm/\$3mm are subject to underwriting review.
4. Physicians who are employed elsewhere and are covered under other medical malpractice policies are subject to underwriting review.

Neuman, Gayle

From: Neuman, Gayle
Sent: Tuesday, August 30, 2011 11:11 AM
To: 'John_Carven@cfins.com'
Subject: United States Fire Ins Co - Rate/Rule Filing #USF-PPL-2011R

Mr. Carven,

I am in receipt of the above referenced filing submitted with your cover letter dated April 18, 2011. Please address the following questions/concerns:

1. Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used?
2. 215 ILCS 5/155.18 states it shall be certified in this filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience. This information is required in every rate/rule filing for medical malpractice.
3. Can an insured get a 50% discount for part time along with a new physicians discount of 65%? This information should be included in the manual.
4. Under the Loss Free Credit paragraph D, if a loss occurs with no payout, does the loss free status revert to 0 years?
5. Section 155.18(b)(4) of the Illinois Insurance Code allows insurers to modify classification rates to produce rates for individual risks in accordance with rating plans which establish standards for measuring variations in hazards or expense provisions, or both. Such standards may measure any difference among risks that have a probable effect upon losses or expenses. Such modifications of classifications of risks may be established based upon size, expense, management, individual experience, location or dispersion of hazard, or any other reasonable considerations and shall apply to all risks under the same or substantially the same circumstances or conditions. For individual risk rating, we require the manual include the standards by which you measure the variations in hazards or expense provisions in order to determine that a specific risk is so different in hazard/expense that it warrants individual rating. Such standards are required in the law, prior to individually rating any risk, to ensure that an insurer is not applying its rates in an unfairly discriminatory manner. The filing indicates section XIX pertains to individual rating – however I believe it was to be titled as schedule rating. I believe individual rating could apply for ophthalmologists with over 501 patients annually.

I request receipt of your response by September 14, 2011.

Gayle Neuman

Illinois Department of Insurance
Property & Casualty Compliance
(217) 524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Department's website at www.insurance.illinois.gov.

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Neuman, Gayle

From: Carven, John [John_Carven@cfins.com]
Sent: Wednesday, September 07, 2011 10:32 AM
To: Neuman, Gayle
Cc: Carven, John
Subject: FW: United States Fire Ins Co - Rate/Rule Filing #USF-PPL-2011R
Attachments: MedMalCertificationForm_Signed.pdf; IL PPL Underwriting Manual-USF Rev 9-7-11.pdf

Gayle:

Forgot to attach the manual page. It is now attached. There is no SERFF filing for this so disregard that comment.

Thanks,

John Carven
State Filings Manager
Crum&Forster
305 Madison Avenue
Morristown, NJ 07962-1973
Phone (973) 490-6672

From: Carven, John
Sent: Wednesday, September 07, 2011 11:29 AM
To: Neuman, Gayle
Cc: Carven, John
Subject: RE: United States Fire Ins Co - Rate/Rule Filing #USF-PPL-2011R

Gayle:

See responses below. I will also attach these to the SERFF filing.

John Carven
State Filings Manager
Crum&Forster
305 Madison Avenue
Morristown, NJ 07962-1973
Phone (973) 490-6672

From: Neuman, Gayle [<mailto:Gayle.Neuman@illinois.gov>]
Sent: Tuesday, August 30, 2011 12:11 PM
To: Carven, John
Subject: United States Fire Ins Co - Rate/Rule Filing #USF-PPL-2011R

Mr. Carven,

I am in receipt of the above referenced filing submitted with your cover letter dated April 18, 2011. Please address the following questions/concerns:

1. Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used?

We report all lines of business to ISO and Workers Comp to NCCI and Individual Rating Bureaus.

2. 215 ILCS 5/155.1b states it shall be certified in this filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience. This information is required in every rate/rule filing for medical malpractice.

Attached

3. Can an insured get a 50% discount for part time along with a new physicians discount of 65%? This information should be included in the manual.

New physician credit does not apply if part time credit is given.

4. Under the Loss Free Credit paragraph D, if a loss occurs with no payout, does the loss free status revert to 0 years?

A loss shall be defined as a claim in which an indemnity payment (closed claim) in excess of \$5000 or open claims with the aggregate reserves in excess of \$10000

5. Section 155.18(b)(4) of the Illinois Insurance Code allows insurers to modify classification rates to produce rates for individual risks in accordance with rating plans which establish standards for measuring variations in hazards or expense provisions, or both. Such standards may measure any difference among risks that have a probable effect upon losses or expenses. Such modifications of classifications of risks may be established based upon size, expense, management, individual experience, location or dispersion of hazard, or any other reasonable considerations and shall apply to all risks under the same or substantially the same circumstances or conditions. For individual risk rating, we require the manual include the standards by which you measure the variations in hazards or expense provisions in order to determine that a specific risk is so different in hazard/expense that it warrants individual rating. Such standards are required in the law, prior to individually rating any risk, to ensure that an insurer is not applying its rates in an unfairly discriminatory manner. The filing indicates section XIX pertains to individual rating – however I believe it was to be titled as schedule rating. I believe individual rating could apply for ophthalmologists with over 501 patients annually.

Section XIX of the manual pages has been changed to read Scheduled Rating Plan. Revised exception pages attached.

I request receipt of your response by September 14, 2011.

Gayle Neuman

Illinois Department of Insurance
Property & Casualty Compliance
(217) 524-6497

Please refer to the Property & Casualty Review Checklists before submitting any filing. The checklists can be accessed through the Department's website at www.insurance.illinois.gov.

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- C. The table below presents the coverage limits and additional premium corresponding to the two types of investigation coverage offered by the Company.

Endorsement	Limit Per Physician	Premium per Physician
Administrative Proceeding Amendatory Endorsement	\$25,000 per claim; \$25,000 policy aggregate	\$500
Medicare/Medicaid Fraud & Abuse/ HIPAA Defense Costs Endorsement	\$25,000 per claim; \$25,000 policy aggregate	\$500

XVIII. FULL-TIME EQUIVALENT RATING

- A. Rating for certain multi-physician groups may be written on a full-time equivalent (FTE) basis, subject to Company approval. Under this method, policies will be issued to cover positions rather than specific individuals.
- B. The FTE rate will be determined based on the filed and approved rate for the specialty classification corresponding to each position and the average number of patient contacts or visits expected during the policy period according to the table below.

Emergency Medicine	5,400 visits per year
Outpatient Clinic	10,000 visits per year

- C. In the event a position is eliminated, the Named Insured shall purchase an extended reporting endorsement for that position.

XIX. INDIVIDUAL RATING PLAN

The Company has determined that significant variability exists in the hazards faced by physicians engaged in the practice of medicine. In recognition of these risk characteristics presented in the table below, the Company will apply a debit or credit to the otherwise applicable rate based upon the underwriter's overall evaluation of the risk. The following credits/debits may be applied in various increments, but not to exceed the percentage listed for each characteristic. The maximum credit/debit applied to any policy through this plan shall be 25%.

Neuman, Gayle

From: Carven, John [John_Carven@cfins.com]
Sent: Friday, September 09, 2011 9:50 AM
To: Neuman, Gayle
Subject: RE: United States Fire Ins Co - Rate/Rule Filing #USF-PPL-2011R
Attachments: IL PPL Underwriting Manual-USF (07-11)(R).doc; IL PPL Underwriting Manual-USF (07-11).doc

Gayle:

Sorry for the confusion. I have attached a redlined, marked (R), and final version of the revised manual pages. Please let me know if you have any additional questions.

Regards,

John Carven
State Filings Manager
Crum&Forster
305 Madison Avenue
Morristown, NJ 07962-1973
Phone (973) 490-6672

From: Neuman, Gayle [<mailto:Gayle.Neuman@illinois.gov>]
Sent: Wednesday, September 07, 2011 2:26 PM
To: Carven, John
Subject: RE: United States Fire Ins Co - Rate/Rule Filing #USF-PPL-2011R

John,

Questions 3 and 4 from my August 30, 2011 e-mail were requesting clarifications. These clarifications should be added to the manual sections.

Your prompt attention is appreciated.

Gayle Neuman

Illinois Department of Insurance
(217)524-6497

From: Carven, John [mailto:John_Carven@cfins.com]
Sent: Wednesday, September 07, 2011 1:20 PM
To: Neuman, Gayle
Cc: Carven, John
Subject: RE: United States Fire Ins Co - Rate/Rule Filing #USF-PPL-2011R

Gayle:

The only change to the manual is under Section XIX. The title of the section was changed from Individual Rating Plan to Schedule Rating Plan. Please let me know if you need any additional information.

Thanks

John Carven
State Filings Manager
Crum&Forster

305 Madison Avenue
Morristown, NJ 07962-1973
Phone (973) 490-6672

From: Neuman, Gayle [<mailto:Gayle.Neuman@illinois.gov>]
Sent: Wednesday, September 07, 2011 12:30 PM
To: Carven, John
Subject: RE: United States Fire Ins Co - Rate/Rule Filing #USF-PPL-2011R

Please identify the changes made to the manual in response to my August 30, 2011 objection letter.

Gayle Neuman

Illinois Department of Insurance
(217)524-6497

From: Carven, John [mailto:John_Carven@cfins.com]
Sent: Wednesday, September 07, 2011 10:32 AM
To: Neuman, Gayle
Cc: Carven, John
Subject: FW: United States Fire Ins Co - Rate/Rule Filing #USF-PPL-2011R

Gayle:

Forgot to attach the manual page. It is now attached. There is no SERFF filing for this so disregard that comment.

Thanks,

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State Filings Manager
Crum&Forster
305 Madison Avenue
Morristown, NJ 07962-1973
Phone (973) 490-6672

4. New policies with coverage retroactive date prior to the part-time effective date and eligible for part-time practice status shall receive a discount to the otherwise applicable premium based on the schedule of discounts listed below for current insureds.
5. Current insureds that first become eligible for part-time status during a US Fire coverage period shall be phased into the part-time discount according to the following schedule to reflect the continuing prior acts exposure.

Year of Part-time Practice	Premium Discount
First Year	10%
Second Year	20%
Third Year	30%
Fourth Year	50%

D. A physician may be provided premium relief when taking an approved leave of absence that extends beyond 45 days, but no longer than 720 days.

1. Eligibility under this rule is subject to Company approval in all cases. To determine eligibility, the Company requires a signed statement from the insured stating the reason and anticipated duration of the leave.
2. Upon approval, the insured's policy coverage shall be held in suspense and the insured's policy premium for the duration of the leave shall be determined according to the following schedule.

Pre-Leave Classification	Premium for Duration of Leave
Class 1	50% of Class 1
Classes 2, 3, 4, and 5	Class 1
Classes 6 and above	Class 3

3. Upon written notification that the insured has returned to the active practice of medicine, US Fire policy coverage shall be reinstated at the classification deemed appropriate by US Fire underwriting.

E. A new physician entering the first year of private practice following completion of an accredited residency or fellowship program in their specialty may be eligible for a discount. This new physician discount does not apply if a part-time discount is given under C above.

1. A 65% discount applies to first year claims made rates.

2. A 30% discount applies to second year claims made rates.
3. A 15% discount applies to third year claims made rates.
4. Thereafter, no discount applies.
5. This discount is subject to company approval, and may not be used if prior acts coverage applies.

XII. LOSS FREE CREDIT

- A. Any physician who is loss free as of the original effective date of new coverage, or the renewal date of current US Fire coverage, will qualify for a premium credit based on the following schedule:

Loss Free Years	Credit
Less than 5	None
5 to 10	10%
10 or more	15%

- B. Loss free status will be determined on experience. The experience period will start as of the year of practice commenced, unless there was a period under the practice when the physician went "bare." In this case, the experience period will begin as of the date he/she becomes insured with a carrier whose "definition of claim" clause is comparable to US Fire. The number of loss free years is calculated from January 1 of the practice origin, or the date of the last qualifying loss, to the physician's renewal date.
- C. If loss free status changes between the time the renewal is issued and the actual effective date, the renewal will be reissued at the correct premium charge and the difference billed to the insured.
- D. If a loss occurs during the year, the loss free status reverts to 0 years. However, the loss free credit will only change at renewal.
- D-E. For the purposes of this section, a loss shall be defined as a claim in which an indemnity payment (closed claim) in excess of \$5,000 or open claims with the aggregate reserves in excess of \$10,000.

XIII. ADVERSE RISK SURCHARGE

- A. A physician or surgeon may be an acceptable professional liability insurance risk only at rates higher than otherwise available through this rating manual.
- B. The premium applicable to those physicians who have experienced more than two "chargeable" claims in excess of \$10,000 over the seven year period immediately preceding the current policy anniversary shall be surcharged in accordance with the following table.

United States Fire Insurance Company

305 Madison Avenue
Morristown, NJ 07960

**PHYSICIANS AND SURGEONS
PROFESSIONAL LIABILITY INSURANCE**

Underwriting Manual of Rates and Rules

FILED

JUL 01 2011

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE
SPRINGFIELD, ILLINOIS

I. GENERAL

- A. This manual contains the rules, rating classifications, and rates governing the underwriting of medical professional liability insurance by United States Fire Insurance Company, herein referred to as "US Fire" or "Company".
- B. General principles and criteria for underwriting the risk include, but are not limited to, the application, verification of claims and coverage information from prior insurance carriers, State Departments of Licensing and Regulation, information from other physicians or health care providers, information from hospitals or administrators, behavior assessment, medical societies or appropriate specialty societies, newspapers, magazines, radio, television or any other means of information available to evaluate the risk exposure.
- C. US Fire will not render an adverse underwriting decision to an applicant or insured if that person is a victim of domestic violence or battery committed against him/her by a spouse or person in the same household. US Fire will not refuse to renew a policy based on claims against any policy during the preceding 60 months for a loss of hate crimes if the insured provides evidence to US Fire that the act causing the loss is identified as a hate crime on a police report.

II. POLICY PERIOD

The policy is issued for an annual term. Exceptions to this rule may appear elsewhere in this manual. The earliest effective date coverage can be bound will be the date the application is received by the Company. Under no circumstances will coverage be issued prior to the date the applicant was licensed in the state to practice medicine.

III. COVERAGE FORM

- A. All coverage is written on a claims-made basis. All new policies issued with a retroactive date equal to the coverage effective date, unless the applicant is approved for Prior Acts Coverage. This coverage is provided by the use of a retroactive date prior to the new coverage effective date and is subject to specific approval by the Company.
- B. The Additional Insured-Corporation/Partnership Endorsement provides individual coverage with a provision for the inclusion of a Professional Association, Partnership, or Corporation to which the individual may belong and includes coverage only for the actions of the individual named as insureds. No matter how many persons or organizations may be named, only one limit of liability will apply.

IV. LIMITS OF LIABILITY

The base rate presented in this manual reflects \$1,000,000/\$3,000,000 limits of liability, mature claims made medical professional liability coverage provided for an annual policy period. Factors for rating other available coverage options are presented in the Rating Factors section of this manual.

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V. POLICY CANCELLATION

All cancellations and non-renewals will be in compliance with the Laws of Illinois.

- A. Unless a policy is canceled as of inception or anniversary, the return premium will be computed on an earned basis less a short rate fee. All fees, other than premium are non-refundable. Exceptions: cancellations at the request of the Company; cancellations due to the death of the insured; cancellations due to disability which qualifies for free tail; cancellations when fully retiring.
- B. Prior notification will be provided for any cancellation by the Company. Sixty days prior notice for cancellation by the Company for cause; ten days prior notice for non-payment of premiums due.

All notices shall include a specific explanation of the reason(s) for cancellation.

- C. Any request for cancellation by the insured must be signed by the insured, and contain the effective date of cancellation as well as the policy number. Once a policy is issued, failure to pay the initial premium due will void a policy.

VI. PREMIUM PAYMENT PLAN

- A. When coverage is approved, the premium will be computed and a quotation forwarded. The policy will be bound and issued when the premium and any other required information has been received by the Company.
- B. Premiums may be paid on an annual basis, or under a Premium Payment Plan. The Premium Payment Plan offers four options described in the table below:

Quarterly Installment Option 1:	Based on four quarterly payments, the first payment will be 25% of annual premium plus a \$2.00 installment fee. The remaining payments will be due at 3, 6 and 9 month intervals, and will also be 25% of annual premium plus a \$2.00 installment fee. No interest is charged.
Option 2:	Based on nine monthly payments, the first payment due will be 20% of the annual premium plus a \$2.00 installment fee. Eight monthly subsequent payments in the amount of 10% of this total will be remitted monthly thereafter, plus a \$2 installment fee. No interest is charged.
Option 3:	Electronic Funds Transfer – 10% discount for reoccurring ACH monthly transfer (Checking Account), plus a \$2.00 installment fee. No interest is charged.
Option 4:	Electronic Funds Transfer – 10% discount for monthly reoccurring credit card payment plus a 2.4% charge to cover credit card charges, plus a \$2.00 installment fee. No interest is charged.

- C. If there are endorsement changes during the policy year, any remaining installments will be adjusted for the amount of the change, and a new schedule

will be issued spreading equally the increase in premium over the remaining installments. If no additional installments remain, additional premium may be billed immediately as a separate transaction.

- D. No installment fee shall exceed 1% of the total premium or \$25.00, whichever is less.

VII. RETURN OF PREMIUM PAYMENT

The Company has a sole obligation to the Named Insured as it appears on the Declarations Page of the policy, regardless of who pays the premium. All return premium will be rendered to the Named Insured if cancellation occurs. The only time the return premium will be returned to someone other than the Named Insured is if there is a premium finance contract. All negotiation of responsibility of premium payment lies directly on the Named Insured. The company will not honor a request of cancellation by a third party payor or employer, except when there exists a premium finance agreement containing a power of attorney which enables the premium finance company to cancel.

VIII. PHYSICIAN CLASSIFICATION

- A. Specialty classification is based on each individual applicant's health care practice as it is insured by US Fire; portions of health care practice that are uninsured, or are insured by other insurers, may be excluded from coverage and are not considered in determining the appropriate rating classification.
- B. For the purpose of determining each applicant's specialty designation:
1. The term "no surgery" applies to general practitioners and specialists who do not perform obstetrical procedures or surgery (other than incision of boils and superficial abscesses, removal of superficial growths, or suturing of skin and superficial fascia), and who do not ordinarily assist in surgical procedures.
 2. The term "minor surgery" applies to general practitioners and specialists who perform the following procedures or assist in major surgery on their own patients: catheterization, endoscopy (other than colonoscopy, proctoscopy, or sigmoidoscopy), vasectomies, hemorrhoidectomies, diagnostic D & C's and vacuum curettage abortions during the first trimester of pregnancy.
 3. The term "major surgery" applies to general practitioners and specialists who perform any surgery other than "minor surgery", and to those who assist at major surgery on other than their own patients.
- C. If two or more specialty classifications apply to the same applicant, the classification with the higher rate will apply. The specialty designations presented in this manual may not be all inclusive. To the extent an applicant requests coverage for a specialty designation not included in the classification plan presented in this manual, a specialty designation shall be selected based on a comparison of specialties presenting similar risk characteristics.

FILED

- D. The Company will review such classification designations for exceptions if they involve a minimal portion of the physician's practice. Each such case must be individually submitted for consideration.

IX. TERRITORY CLASSIFICATION

- A. Territory classifications are based on each individual applicant's health care practice as it is insured by US Fire; portions of health care practice that are uninsured, or are insured by other insurers, may be excluded from coverage and are not considered in determining the appropriate rating classification.
- B. If two or more territory classifications apply to the same applicant, the classification with the higher rate will apply.
- C. The Company will review such classification designations for exceptions if they involve a minimal portion of the physician's practice. Each such case must be individually submitted for consideration.

X. CLAIMS MADE CLASSIFICATION

- A. Claims made coverage is calculated according to the application of claims made maturity factors to the current manual base rate.
- B. The claims made coverage retroactive date is the initial effective date of continuous coverage by US Fire, except when US Fire and the insured agree that the retroactive date should precede the initial policy effective date (prior acts, or, "nose" coverage).
- C. When prior acts coverage is requested, the claims made year applicable to each classification or miscellaneous charge is determined by the retroactive date and the policy effective date.
 - 1. If the month/day of the retroactive date is the same as the policy effective date, the claims made year is determined as the difference between the effective year and retroactive year.
 - 2. If the month/day of the retroactive date is not the same as the policy effective date, the claims made year is determined by the number of days between the two.
 - a) If the retroactive month/day is 183 days (or less) before the effective month/day, use the effective month/day to determine the retroactive year premium to be used.
 - b) If the retroactive month/day is 184 days (or more) before the effective month/day, use the prior year to determine the retroactive year premium.
- D. Certain coverages may have an individual retroactive date. These are Designated Employees Coverage. Rates for this coverage are determined by their individual retroactive dates reported in the application.

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- E. Optional extended reporting period coverage ("tail") shall be offered for up to thirty days following expiration or termination of US Fire claims made policy coverage.
1. Unlimited extended reporting period coverage shall be provided for no additional premium to eligible insureds permanently leaving the practice of medicine for reasons of death, disability or retirement in accordance with policy terms and conditions.
 2. Otherwise, extended reporting period coverage premium shall be determined by the insured's expiring annual premium. Offer of an extended reporting endorsement, including a 12 month option as well as various other options up to an unlimited option, will be available to the insured at the inception of the policy. Quotations for premium of an extended reporting endorsement may be given to the insured at any time during the policy year.
 3. The Insured must pay the premium for the Extended Reporting Endorsement within 30 days of the termination of the policy or the offer will be deemed rejected.

XI. ADDITIONAL RATING RULES

- A. Ophthalmologists performing laser refractive procedures (of any type including, but not limited to RK, PRK, Lasik, etc.) on more than 400 patients annually shall be subject to the following surcharges.
1. 401 to 500 patients annually – 50% surcharge,
 2. 501 or more patients annually – submit to Company.
- B. US Fire may be named as the endorsed carrier for a program (which could include, but are not limited to, specialty societies approved associations or organizations, and provider networks). In return, US Fire will grant each participant in the program a discount of 10%. In addition, certain risk management program may qualify for this discount.
- C. A physician may be eligible for a part-time discount, subject to Company approval, only if the practice does not exceed 1,040 hours per year and the part-time status is permanent.
1. Annual verification of eligibility is required including any documentation which the Company may deem necessary.
 2. New policies with no prior acts coverage and eligible for part-time practice status shall receive a 50% discount on their otherwise applicable premium.
 3. New policies with coverage retroactive date equal to the part-time effective date and eligible for part-time practice status shall receive a 50% discount applied to the otherwise applicable premium.

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4. New policies with coverage retroactive date prior to the part-time effective date and eligible for part-time practice status shall receive a discount to the otherwise applicable premium based on the schedule of discounts listed below for current insureds.
5. Current insureds that first become eligible for part-time status during a US Fire coverage period shall be phased into the part-time discount according to the following schedule to reflect the continuing prior acts exposure.

Year of Part-time Practice	Premium Discount
First Year	10%
Second Year	20%
Third Year	30%
Fourth Year	50%

- D. A physician may be provided premium relief when taking an approved leave of absence that extends beyond 45 days, but no longer than 720 days.
1. Eligibility under this rule is subject to Company approval in all cases. To determine eligibility, the Company requires a signed statement from the insured stating the reason and anticipated duration of the leave.
 2. Upon approval, the insured's policy coverage shall be held in suspense and the insured's policy premium for the duration of the leave shall be determined according to the following schedule.

Pre-Leave Classification	Premium for Duration of Leave
Class 1	50% of Class 1
Classes 2, 3, 4, and 5	Class 1
Classes 6 and above	Class 3

3. Upon written notification that the insured has returned to the active practice of medicine, US Fire policy coverage shall be reinstated at the classification deemed appropriate by US Fire underwriting.
- E. A new physician entering the first year of private practice following completion of an accredited residency or fellowship program in their specialty may be eligible for a discount. This new physician discount does not apply if a part-time discount is given under C above.
1. A 65% discount applies to first year claims-made rates.

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2. A 30% discount applies to second year claims made rates.
3. A 15% discount applies to third year claims made rates.
4. Thereafter, no discount applies.
5. This discount is subject to company approval, and may not be used if prior acts coverage applies.

XII. LOSS FREE CREDIT

- A. Any physician who is loss free as of the original effective date of new coverage, or the renewal date of current US Fire coverage, will qualify for a premium credit based on the following schedule:

Loss Free Years	Credit
Less than 5	None
5 to 10	10%
10 or more	15%

- B. Loss free status will be determined on experience. The experience period will start as of the year of practice commenced, unless there was a period under the practice when the physician went "bare." In this case, the experience period will begin as of the date he/she becomes insured with a carrier whose "definition of claim" clause is comparable to US Fire. The number of loss free years is calculated from January 1 of the practice origin, or the date of the last qualifying loss, to the physician's renewal date.
- C. If loss free status changes between the time the renewal is issued and the actual effective date, the renewal will be reissued at the correct premium charge and the difference billed to the insured.
- D. If a loss occurs during the year, the loss free status reverts to 0 years. However, the loss free credit will only change at renewal.
- E. For the purposes of this section, a loss shall be defined as a claim in which an indemnity payment (closed claim) in excess of \$5,000 or open claims with the aggregate reserves in excess of \$10,000.

XIII. ADVERSE RISK SURCHARGE

- A. A physician or surgeon may be an acceptable professional liability insurance risk only at rates higher than otherwise available through this rating manual.
- B. The premium applicable to those physicians who have experienced more than two "chargeable" claims in excess of \$10,000 over the seven year period immediately preceding the current policy anniversary shall be surcharged in accordance with the following table.

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Chargeable Claims	Premium Surcharge
2	50%
3	150%
4+	500%

- C. Each and every claim shall have a determination of whether or not it is "chargeable." Once assessed, the surcharge shall apply for a three year period commencing on the policy anniversary following determination of a "chargeable" claim. Each subsequent "chargeable" claim determination shall start a new three year surcharge period.

XIV. PREMIUM CALCULATION

- A. The base rate presented in this manual reflects \$1,000,000/\$3,000,000 limits of liability, mature claims made medical professional liability coverage provided for an annual policy period. Factors for rating other available coverage options are presented in the Rating Factors section of this manual.
- B. Additional charges provided under any rate schedule in this manual measure the liability of an insured for the exposures covered by those additional charges. Additional charges must be obtained where those exposures exist and are insured.
- C. The policy minimum premium is \$500.
- D. Policy premiums are rounded to the nearest whole dollar.
- E. For each individual physician or surgeon, policy premium is determined by performing the following calculations in this order:
1. Calculate the manual base premium by multiplying the appropriate claims made, specialty and territory classification factors, as described in the sections above, to the manual base rate.
 2. Calculate the adjusted manual base premium by applying any additional rating rules (e.g., part-time practice, newly practicing physician) to the result of Step 1 above.
 3. Add charges for additional insured employees, or charges for the vicarious exposure created by employees to the result of Step 2.
 4. Apply the appropriate limits factor to obtain a policy limits adjusted premium to the result of Step 3.
 5. Apply the total of all applicable experience and scheduled rating credits and debits to the result of Step 4.

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XV. CHANGE IN EXPOSURE

- A. When an insured changes to a lower rated classification or territory designation, there is a continuing exposure to claims from the prior class or territory. In order to provide for this continuing exposure, a form of "tail" charge shall apply.
1. The charge will be based on the difference between the "tail" charge for the old designation and the new designation. This "tail" charge will be computed on each of the three year policy years following such change in exposure utilizing the "tail" rates and procedures in effect at each subsequent policy anniversary.
 2. The original coverage retroactive date will be maintained for the new designation. If the policy is subsequently cancelled, any remaining "tail" premium applicable to the change in exposure shall be charged in addition to the otherwise applicable extended reporting period premium based on the new designation.
 3. If the insured becomes eligible, under the policy terms, for extended reporting period coverage due to death, disability or retirement, any remaining charge for the change in exposure shall be waived.
- B. Changes in the policy limits of liability require a signed request by the physician. A "no known loss" letter must accompany the request for change in limits along with a statement on why the limits are to be changed. No change can be made until the request has been received by the Company and will be effective on the date received unless a later date is specified.
1. All limit changes are retroactive as respects future claims from incidents which the insured was not aware might result in a claim, as of the effective date of the change. An acknowledgment of this will be sent to the insured to be signed and returned to use for every limit increase.
 2. Increased limits are subject to underwriting approval. Limit decreases to may be available upon request but limits of liability at all times will be in compliance with State Law.

XVI. ADDITIONAL INTERESTS

- A. Designated Employee Coverage
1. Designated Employee Coverage is available for certified Physician's Assistants, Nurse Practitioners, CRNA's and Nurse Midwives who are employed by our insured and listed on the Declarations under Schedule Endorsements. The Designated Employee may be specifically named on the policy, but no additional limit of liability will apply.
 2. This coverage is required for employed Certified Physician's Assistants, Nurse Practitioners, CRNA's and Nurse Midwives, or they must provide proof of individual coverage for a minimum limit of \$250,000/\$750,000. If they are not insured as Designated Employees, or have approved coverage

elsewhere, the insured is not covered for liability for the actions of such an employee.

3. Completed applications are required for each Designated Employee and should be submitted to the Company before the employee begins working for the insured. Applicants are subject to prior approval by the Company before the coverage may be added. Coverage cannot be effective prior to receipt of notification.
4. The rates applicable to Designated Employees, along with the definitions of the rate categories are included in the rate section of this manual.
5. A charge will apply for the employer's vicarious liability for each employee of the insured who does not have coverage on a US Fire policy. The charges for vicarious liability are included in the rate section of this manual.

B. Locum Tenens Physician Coverage

1. A substitute physician may be added to an insured's policy by providing proper notice to US Fire. The cumulative period of substitution will not exceed more than 45 days in one policy period.
2. Each prospective locum tenens must submit a complete application, be licensed to practice medicine in the same specialty, be employed by and be acting as a substitute replacement (not permanent) for the insured physician in addition to being approved for coverage by US Fire underwriting.
3. Upon approval by US Fire underwriting, coverage shall be provided for professional services rendered by the locum tenens physician while acting on behalf of and within the scope of the insured physician's medical practice. Coverage will be provided on a shared limits of liability basis with the insured physician for no additional premium.
4. No individual "tail" coverage is available.
5. This coverage is limited ONLY to situations where a locum tenens physician is replacing an insured who will not be otherwise practicing medicine during the coverage period.

C. Organization Coverage

1. Shared Limits of Liability

A professional association, corporation, or other similar professional legal entity, owned entirely by an individual insured may be added to his or her policy as an additional insured with no additional limits of insurance for no additional charge.

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2. Separate Limits of Liability

- a. A professional association, corporation, partnership, or other legal entity that is owned by two or more professional persons may purchase a separate limits of organization professional liability insurance policy for an additional premium based on a percentage of the claims made mature, manual premium applicable to each physician member of the organization according to the following schedule.

Policy Limit	Percent of Physicians' Premium
\$250,000/\$750,000	30%
\$500,000/\$1,500,000	20%
All Other Limits	15%

- b. The total mature premium is then modified by the applicable claims made maturity factor corresponding to the organization's coverage retroactive date.
- c. If any physician member is not insured by US Fire, they may be added to the organization coverage schedule, subject to US Fire underwriting approval. The organization coverage premium for non-US Fire insured physicians scheduled to the organization coverage is calculated as if all physician members were insured by US Fire.
- d. Organization liability coverage is written at limits of liability no greater than the lowest limits written on behalf of any of the owners or members of the organization.

XVII. INVESTIGATION COVERAGE

- A. Optional extended investigation coverage may be available, subject to Company approval, for incidents first giving cause for investigation by regulatory authorities that occur after the policy retroactive date provided the investigation commenced after the date that the optional coverage was added to the policy.
- B. The following table describes the two types of investigation coverage offered by the Company.

Endorsement	Investigation related to:
Administrative Proceeding Amendatory Endorsement	State Administration/Regulatory Medical Board
Medicare/Medicaid Fraud & Abuse/ HIPAA Defense Costs Endorsement	Medicare/Medicaid Fraud & Abuse HIPAA Violations

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- C. The table below presents the coverage limits and additional premium corresponding to the two types of investigation coverage offered by the Company.

Endorsement	Limit Per Physician	Premium per Physician
Administrative Proceeding Amendatory Endorsement	\$25,000 per claim; \$25,000 policy aggregate	\$500
Medicare/Medicaid Fraud & Abuse/ HIPAA Defense Costs Endorsement	\$25,000 per claim; \$25,000 policy aggregate	\$500

XVIII. FULL-TIME EQUIVALENT RATING

- A. Rating for certain multi-physician groups may be written on a full-time equivalent (FTE) basis, subject to Company approval. Under this method, policies will be issued to cover positions rather than specific individuals.
- B. The FTE rate will be determined based on the filed and approved rate for the specialty classification corresponding to each position and the average number of patient contacts or visits expected during the policy period according to the table below.

Emergency Medicine	5,400 visits per year
Outpatient Clinic	10,000 visits per year

- C. In the event a position is eliminated, the Named Insured shall purchase an extended reporting endorsement for that position.

XIX. SCHEDULE RATING PLAN

The Company has determined that significant variability exists in the hazards faced by physicians engaged in the practice of medicine. In recognition of these risk characteristics presented in the table below, the Company will apply a debit or credit to the otherwise applicable rate based upon the underwriter's overall evaluation of the risk. The following credits/debits may be applied in various increments, but not to exceed the percentage listed for each characteristic. The maximum credit/debit applied to any policy through this plan shall be 25%.

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Risk Characteristic	Credit	Debit
Risk Management/Risk Assessment/Qualifications/ Training/Continuing Education including: 1. Board Eligibility or Board Certification 2. Hospital Affiliations or Staff Privileges 3. Experience in Specialty 4. Accreditation	0% to 10%	0% to 10%
Practice Patterns which may include patient load and support staff	0% to 10%	0% to 10%
Patient Documentation and Follow up	0% to 5%	0% to 5%
Employee selection, supervision, training and experience	0% to 5%	0% to 5%
Compliance with applicable regulations (OSHA, CLIA, HIPAA, etc.)	0% to 10%	0% to 10%
Cooperation with Underwriting, Claims, Defense Counsel	0% to 10%	0% to 10%

XX. **MANUAL BASE RATE**

The following manual base rate represents mature claims made medical professional liability coverage for \$1,000,000/\$3,000,000 limits of liability.

Manual Base Rate = \$23,040

XXI. **PHYSICIAN CLASSIFICATION PLAN**

For Class Description see Appendix 1.

Class	Factor	Class	Factor
1	0.500	9	2.250
2	0.650	10	2.700
3	0.850	11	3.250
4	1.000	12	3.750
5	1.250	13	4.500
6	1.350	14	5.250
7	1.750	15	7.000
8	2.000		

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XXII. DESIGNATED EMPLOYEE RATES

Designated Employee	Limit of Liability Shared with Insured Physician	Limit of Liability Shared with Insured Corporation
Nurse Midwife	13.5% Class 4	27.5% Class 4
Nurse Practitioner	2.25% Class 4	4.5% Class 4
Physician Assistant	5.0% Class 4	10.0% Class 4
Nurse Anesthetist	No Charge	No Charge

XXIII. TERRITORY CLASSIFICATION PLAN

Territory	Factor	Description
1	1.000	Cook, Madison, St. Clair
2	0.780	Will, Jackson, Vermilion
3	0.700	Lake, Kane, McHenry, Winnebago
4	0.650	Bureau, Coles, DeKalb, DuPage, Kankakee, LaSalle, Ogle, Randolph
5	0.630	Champaign, Macon, Sangamon
6	0.480	Peoria
7	0.480	Remainder of State

XXIV. CLAIMS MADE CLASSIFICATION PLAN

Claims Made Year	Claims Made Factor	ERP Factor
1	0.300	0.850
2	0.555	1.560
3	0.850	1.820
4	0.980	2.000
5	1.000	2.000
6	1.000	2.100
7+	1.000	2.100

* All factors in the table above are applied to the mature manual base rate.

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XXV. LIMIT FACTORS

Class	250/750K	500K/1.5M	1.0M/3.0M
1	0.650	0.730	1.000
2	0.650	0.730	1.000
3	0.650	0.730	1.000
4	0.650	0.730	1.000
5	0.650	0.730	1.000
6	0.650	0.730	1.000
7	0.650	0.730	1.000
8	0.650	0.730	1.000
9	0.650	0.730	1.000
10	0.650	0.730	1.000
11	0.650	0.730	1.000
12	0.650	0.730	1.000
13	0.650	0.730	1.000
14	0.650	0.730	1.000
15	0.650	0.730	1.000

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Appendix 1 – Physician Classification Plan

Class Descriptions

Class 1

Non-surgical specialist including-

Aerospace Medicine, Allergy, Dermatology/No Surgery, Forensic/Legal Medicine, General Preventive Medicine, Nutrition, Occupational Medicine, Physical Medicine/Rehabilitation, and Public Health

Class 2

Non-surgical specialist including-

Diabetes/No Surgery, Endocrinology/No Surgery, Nuclear Medicine, Ophthalmology/No Surgery, Otorhinolaryngology/No Surgery, Pathology/No Surgery, Psychiatry, and Rheumatology/No Surgery

Class 3

Non-surgical specialist including-

Cardiovascular Disease/No Surgery, Geriatrics/No Surgery, Gynecology/No Surgery, Nephrology/No Surgery, and Pediatrics/No Surgery

Class 4

Non-surgical specialist including-

Family/General Practice – No Surgery, Hematology/No Surgery, Infectious Disease/No Surgery, Internal Medicine/No Surgery, Oncology/No Surgery, Pulmonary Disease/No Surgery, and Urgent Care Medicine

Specialist performing minor surgery including-

Dermatology/Minor Surgery, Diabetes/Minor Surgery, Endocrinology/Minor Surgery, and Ophthalmology/Minor Surgery

Class 5

Non-surgical specialist including-

Anesthesiology, Diagnostic Radiology/No Surgery, Gastroenterology/No Surgery, Intensive Care Medicine/Hospitalist, Neurology/No Surgery, Pain Management, and Radiology-Therapeutic

Specialist performing minor surgery including-

Geriatrics/Minor Surgery, Gynecology/Minor Surgery, Nephrology/Minor Surgery, Otorhinolaryngology/Minor Surgery, Pathology/Minor Surgery, Pediatrics/Minor Surgery and Urology/Minor Surgery

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Appendix 1 – Physician Classification Plan

Class Descriptions (Continued)

Class 6

Specialist performing minor surgery including-

Family/General Practice/Minor Surgery – No OB, Gastroenterology/Minor Surgery, Hematology/Minor Surgery, Infectious Disease/Minor Surgery, Internal Medicine/Minor Surgery, Neurology/Minor Surgery, and Oncology/Minor Surgery

Surgical specialist including-

Ophthalmology – Surgery

Class 7

Specialist performing minor surgery including-

Cardiovascular Disease/Minor Surgery, Diagnostic Radiology/Minor Surgery, Family/General Practice/Minor Surgery – Limited OB, and Pulmonary Disease/Minor Surgery

Surgical specialist including-

Dermatology/Major Surgery, Gastroenterology/Major Surgery, Neoplastic Diseases – Surgery, Nephrology/Major Surgery, and Otorhinolaryngology/Surgery (Excl Plastic)

Class 8

Non-surgical specialist including-

Neonatology/No Surgery

Surgical specialist including-

Family/General Practice – Surgery and Geriatrics – Surgery

Class 9

Specialist performing minor surgery including-

Emergency Medicine/No Major Surgery

Surgical specialist including-

Colon/Rectal Surgery, Hand Surgery, and Urology – Surgery

Class 10

Specialist performing minor surgery including-

Neonatology/Minor Surgery

Surgical specialist including-

General Surgery, Gynecology/Major Surgery, Head/Neck Surgery, and Otorhinolaryngology/Surgery (Incl Plastic)

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Appendix 1 – Physician Classification Plan

Class Descriptions (Continued)

Class 11

Surgical specialist including-

Abdominal Surgery, Emergency Medicine/Major Surgery, Pediatric Surgery, and Plastic Surgery

Class 12

Surgical specialist including-

Orthopedic Surgery/Excluding Spine, Thoracic Surgery, Traumatic Surgery, and Vascular Surgery

Class 13

Surgical specialist including-

Cardiac Surgery, Cardiovascular Surgery, and OB/GYN Surgery

Class 14

Surgical specialist including-

Orthopedic Surgery/Including Spine

Class 15

Surgical specialist including-

Neurological Surgery

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